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SPECIAL REPORT

SAIONJI-HARADA MEMOIRS

PART VIII

"RESURGENT CHAUVINISM"

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THE SAIONJI - HARADA MEMOIRS
PART EIGHT: RESURGENT CHAUVINISM

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Chapter 150
(27 September 1934)

Financial Worries

Translated by T/Sgt. Shigeo Fukuyama

I met the Premier on the 21st. He told me: "It appears that the Chinese Eastern Railway negotiation with Russia can be settled for 140 million yen. The negotiation is dragging on because Russia is demanding another 20 or 30 million yen. However, I have heard from the Foreign Minister that the negotiations will eventually be successful. The Minister of Communications, TOKONAMI, is urging the appointment of ADACHI of the Kokumin Domei as Minister of Overseas Affairs. I have not answered him because of the importance of the matter. ADACHI is seeking to see me, but I put him off by saying: 'I have no time', or: 'there is no suitable meeting place.' Regarding this, the Minister of Commerce and Industry, MACHIDA, was wholly against TOKONAMI's proposal; he said: 'The majority of the Kokumin Domei is coming back to the Minseito, excepting 4 or 5 of the NAKANO faction. As for the President of the Kokumin Domei, ADACHI, we are taking a little time, because we cannot make any disposition of him; however, this should be settled in the near future, so I wish that you would not appoint him Minister of Overseas Affairs.' Of course, I shall never appoint ADACHI, Overseas Minister."

Moreover, the Premier said: "There have been stories appearing quite often in the newspapers that a policeman in Kwantung Province in Manchuria was angry over the reform of the Manchukuo administration and had killed some people. The story is not clear, but

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according to the official report that came into the Foreign Ministry, the accounts in the newspapers are all wrong. This policeman committed some offense under the influence of liquor. Although the newspapers say that this incident took place at Dairen or Port-Arthur, it actually happened near Hsinking. The data of the incident are vague; the whole story may be mere propaganda. The reform of the Manchukuo administration has been decided; I would like to implement it within the year."

Leaving the Premier, I met KIDO. He said: "TANAKA, Tokon went to Omiya Palace and sought an audience with the Empress Dowager. On that occasion, the Emperor told the Lord Steward to the Empress Dowager: 'When TANAKA is received in audience by the Empress Dowager, pay close attention to what he says; and, for my benefit, report to me the content of what he relates to the Empress Dowager.'

"TANAKA didn't say anything of importance when he was received in audience by the Empress Dowager. However, after the audience, TANAKA is said to have told the Lord Steward to the Empress Dowager, IRIYE, in great anger: 'It is outrageous for SAIONJI to recommend a traitor like ICHIGI for the Presidency of the Privy Council.'

"At the same time, TANAKA asked the Grand Chamberlain for an audience with the Emperor, saying: 'I wish to speak to the Emperor on various matters. Please request the Emperor to grant me an audience.' When the Grand Chamberlain reported this to the Emperor, His Majesty said: 'During an hour's talk with an aged

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man who is hard of hearing mistakes in what one says or hears may happen. I don't know what he's going to talk about, but it would be distressing if misunderstandings occurred. Tell him to present whatever he wants to say to me in written form. Moreover, since TANAKA has been Imperial Household Minister for a long time, and is a person with an important (past) career, tell him not to divulge anything to anyone on the content of what he writes to me.' The Grand Chamberlain told this to TANAKA."

I went to Okitsu on the morning of the 22nd and told SAIONJI the above story. I also told him about my meeting with KONOYE in Karuizawa (related in a previous chapter), in which KONOYE thought that since people close to the Emperor, such as the Lord Keeper of the Privy Seal and the Genro, were charged with being Occidentphiles by the public, especially by the rightists, if there were one among them who would not be looked upon as an Occidentphile, the criticism of the people would be mitigated. To this SAIONJI replied: "Rightists are what you call fanatics. I am absolutely against putting them in the Emperor's Court or the Imperial Household Ministry. To tell a sensible man to act in such a way that he will be acceptable to the rightists is a very difficult thing. I haven't much longer to live and I hope that people like KONOYE, KIDO and you will prevent these fanatics from getting into the Imperial Court."

For the two-day holiday, I went to Shizuura and Yugawara for a rest and came home on the night of the

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24th. I went to see the Premier on the following morning. He was greatly worried because there had been a hurricane on the morning of the 21st which caused great damage in the Kansai region and the political parties were urgently calling for a special session of the Diet to appropriate the large sum required for emergency rehabilitation in the region. The Premier said: "First of all, an investigation of the damages must be made, which will take at least a month and a half, and if a special session of the Diet were called, it would convene in the latter part of November or the early part of December. By that time the regular budget bill (to be presented to the regular Diet Session) will have been prepared and the Grand Maneuvers will be over, so it will be all right to convene a special session for about 5 days. In this way we would be appeasing the opposing political parties." The Premier also said: "The First Investigation Committee on the Rice Bill will convene on the afternoon of the 25th."

On the 25th, I dined with KONOYE and KIDO, and related to them that SAIONJI was absolutely opposed to the idea of placing fanatics (rightists) in the Imperial Household. KONOYE said: "I secretly met Finance Minister FUJII through the introduction of ISHIHARA, Koichiro at the YAOMATSU Inn on the Sumida River. The Minister was very pessimistic about the future of the financial situation. He said: 'This time I am going to reduce the national defense appropriation.'" I thought it very regrettable that KONOYE should meet the Finance Minister through a man like

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ISHIHARA.

I met the Finance Minister, by chance, on the 26th at the Premier's official residence. I asked him about his relationship with ISHIHARA. He told me that he had met ISHIHARA only three or four times and that ISHIHARA was very anxious to have him meet KONOYE. I told the Finance Minister: "If you want to meet KONOYE in the future, let me know. We will go to see him together. ISHIHARA is more or less using KONOYE (for ulterior motives) which is an undesirable thing." The Finance Minister told me that he would be more careful in the future. Later I met KONOYE and asked him what the relationship was between ISHIHARA and the Finance Minister. He told me that ISHIHARA had used him, so I also cautioned him about the future.

On the morning of the 27th, I went to see the President of the Bank of Japan on business. He told me: "There is nothing to worry about in the present financial situation. The stock-brokers are criticizing financial policies, but I believe that there is nothing to worry about. While TAKAHASHI was still Finance Minister, I told him: 'The pursuance of the present abnormal financial policies could have no relation with inflation or deflation. That is, if the money placed in circulation by issuing national bonds is invested in legitimate productive trades or industries, re-vitalizes national economy, and returns to the Bank of Japan at the present rate, I believe that there is nothing to worry about. However, if the money is used for unproductive means and returns to the Bank of Japan

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in decreasing amounts, the financial situation will become very critical. If the money is used for speculation, the result will be undesirable, otherwise there is no need for worry.' The then Finance Minister had the same views on the subject. The MITSUI BUSSAN Co. and others seem to think that Japan's foreign trade will continue to go smoothly, but I think that foreign countries, in the spirit of nationalism, will raise tariffs and thus crush Japan's foreign trade. I am not in favor of issuing unlimited amounts of national bonds in increasing amounts; on the contrary, they must be gradually decreased. Otherwise, people will begin to doubt the value of money and will eventually begin to invest in foreign countries. An escape of capital will occur. Then, regardless of any strict laws to prevent it, money will flow to foreign countries. If national bonds are issued indefinitely, everyone will become worried about the value of money. Therefore, on this point, I feel that some remedial measures must be taken."

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Chapter 151
(15 October 1934)

Kwantung Smugglers

Translated by T/Sgt. Shigeo Fukuyama

I met the Premier on the 27th and he told me that President SUZUKI had paid him a visit the day before and urgently requested that a special session of the Diet be convened, arguing that the number of sessions did not matter. However, he had merely told him that he would think the matter over. The Cabinet convened on the 28th, and later the Premier told me: "The special session of the Diet will probably be held in December, because the investigation will take some time, and necessary preparations must be made. During the meeting of the Cabinet, the Minister of Home Affairs had proposed to lend money to Osaka at a low interest, to which the Finance Minister had replied that it could probably be done. The Cabinet had agreed that, for the sake of satisfying everyone concerned, it would be best to have a special session of the Diet. There had been a general trend toward the setting up of a so-called economic and financial deliberation committee. There were some who were in favor of putting TAKAHASHI and YAMAMOTO in the Cabinet. TOKONAMI suggested again that ADACHI be made the Minister of Overseas Affairs. Although he did not approve of this, he did not come out directly and oppose TOKONAMI's suggestion. Later, regarding the purchase of the Chinese Eastern Railway, Jotaro YAMAMOTO had proposed that we talk the matter over with the capitalists of America and Britain and have them put up the money. There were many in the

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Cabinet who approved of this but as yet the matter is still under consideration."

I went to Okitsu on the 29th and told SAIONJI what the Premier had told me. SAIONJI told me that a special session of the Diet would cause unrest in Japan instead of stabilizing her, and that he had often questioned the holding of the special session of the Diet after the great earthquake in 1923. He hoped that the Premier was doing his utmost. I talked to the Premier on the 1st and he told me that the special session back in 1923 was opened on the 10th of December for a period of 10 days, but that it had been extended another three days.

Later, I was called over to the Foreign Ministry by the Vice-Minister of Foreign Affairs, and he told me: "The members of the British Industrial Mission have arrived, and they are influential members of the Federation of British Industries and were selected by the Prince of Wales. They even have a message from the King. Their first objective is to correct Japan's attitude, and the second is, although they believe that Japan is doing as she pleases in Manchukuo, to invest British capital in Manchukuo. In order to bring about a better understanding between Britain and Japan through having equal opportunity in Manchukuo, and opening her ports for foreign trade, a Mr. Edwards, an advisor to the Manchukuo Government had come to Japan unofficially to obtain his personal views on things in general. Edwards has personal friends in the British Government, and hopes that the relations of Japan and

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Britain would revert to those of the old days. The Vice-Minister also told me that he would try to improve the relationship between Japan and Britain. He also gave me a letter from Ambassador MATSUDAIRA. In this letter to me, MATSUDAIRA expressed the same views as the Vice-Minister.

I went to Okitsu on the 3rd, at which time I heard that Finance Minister FUJII had told a close associate that: "The budget must be reduced." I felt, however, that the ultimate result from a general standpoint must be taken into consideration before a drastic cut in the budget could be made, and that it must be made certain that no political disadvantages would result from the reduction. The Premier was also worried by this problem and had said: "I would like to send FUJII to explain the financial situation to SAIONJI, and have SAIONJI say to him at that time: 'Think it over carefully from a political standpoint.' At any rate we must not take any reckless actions. But FUJII tells me that he is not capable of solving this problem, and that in the end it will be turned over to me."

Later a pamphlet entitled: "The True Meaning of National Defense and The Proposed Changes" was issued by the Information Bureau of the War Ministry. Before this pamphlet was issued, the Bureau had called in the newspapers to ask them to give this pamphlet advance publicity and they played it up. Later, when I met the Premier and asked him about this, he told me that when he questioned the War Minister about this pamphlet, the War Minister had explained: "There are many

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faults in the present system of national defense, and I would like the people to develop an interest in it by studying the system. The pamphlet was not issued with the purpose of making these changes forcibly ourselves." As for the problem in Kwantung Province, the Premier told me: "There have been strong anti-militarist movements to the effect that it was wrong for the Commander-in-Chief of the Military Police to take over the duties of the Chief of the Kwantung Police Affairs Department. The Overseas Affairs Ministry has also supported this movement. However, the explanation from the Chief was that he did not intend to remove anyone working in the Kwantung administration. Looking at the propaganda that has been distributed in various places, there must have been quite an expense incurred in its circulation and since this expense came out of contributions by smugglers, it appears that this movement was a reprisal for the Wafantien Incident (Mukden, Manchuria)." The Premier concluded that the basis for this Kwantung movement was a fear that the Military Police would take over the command of the Police Affairs Department.

I met Home Affairs Minister GOTO at his official residence on the 8th of October. We talked for about an hour and a half about the proposed national policy deliberation council, the situation within the Army and the relationship between the House of Peers and the Government. Later I talked with the Premier, because the newspapers were still playing up the story about the police in Kwantung Province. The Premier told me not to worry about it and that it would eventually

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take care of itself.

I went to see Korekiyo TAKAHASHI to talk about the Finance Minister, and had a lengthy conversation with him. He told me that KUHARA has ambitions to become the next President of the Seiyukai, but that he thinks that the Seiyukai is controlled by the men from Choshu. It really is an amusing story. TAKAHASHI also told me that he had very simple views concerning Former Finance Minister INOUE's lifting of the gold embargo, and that KUBO (first name unknown), from Kyoto also shared these views and had written an article opposing the lifting of the gold embargo. Also that KUBO had asked him to write a foreword to this article, but that he had written a letter instead, supporting KUBO's views. However, later on, KUBO had come over quite frequently, and his talks indicated that he had extreme communistic ideas, so he had told him that if he continued to talk like that he would never meet him again. Recently KUBO had come to him with a letter from the War Minister. This letter stated that KUBO had splendid ideas and that he should meet him.

KUBO believed that: "Regardless of how many bonds or deficit bonds the Government floated, it would be able to liquidate them, and that there was nothing to worry about. Therefore, it was all right no matter how much the cost of national defense increased."

Although TAKAHASHI thought that the War Minister didn't still feel the same way about KUBO, he cautioned the War Minister about KUBO. I told TAKAHASHI to tell the War Minister that, although this KUBO had held the

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same views that he did when the gold embargo was lifted, the idea that he supported KUBO's views on the reckless floating of deficit bonds was preposterous. I also told TAKAHASHI to talk to the War Minister about this KUBO, and that KUBO had possession of a character reference saying that he and TAKAHASHI were on the best of terms; he was going around telling everyone only the good things between himself and TAKAHASHI and it would be bad if the War Minister were to believe all this, so TAKAHASHI should caution the War Minister or his secretary about KUBO. TAKAHASHI told me that he didn't have a copy of this pamphlet written by KUBO, and that if I had one to send it to him, and that if what KUBO had said was also in this pamphlet he would call up the confidential secretary of the War Minister and caution him. He was greatly worried about this pamphlet and also about the Manchukuo Problem.

It seems that a close friend of TAKAHASHI was going around telling everyone that TAKAHASHI did not come out positively and recommend FUJII for Finance Minister, but that he had more or less been forced to do so. I went to TAKAHASHI to verify this story, and he told me that he had positively recommended FUJII for Finance Minister. Also that in the beginning he was backing HIJIKATA, but that the Finance Ministry was very unsettled at that time over the Bank of Formosa problem, and he had decided that no one but the then Vice-Minister FUJII could control the Ministry; moreover, FUJII was a very reliable person, and he had switched over from HIJIKATA to FUJII of his own free will.

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I have not met TAKAHASHI for quite some time since then. Later I met the Police Superintendent and he told me that regarding Ambassador YOSHIDA's foreign tour, the rightists were shouting that he was going to sacrifice the country by disseminating Lord Keeper of the Privy Seal MAKINO's weak-kneed foreign policy, and that there was a plot to assassinate him. It probably would not result in anything, nevertheless, they were being very careful.

The Kwantung Province problem still was being played up by the newspapers daily, which promoted a very uneasy atmosphere. I met the Premier on the 13th and he told me that he had seen the Emperor the day before, and that the Emperor was worried over the Kwantung Province problem. He had explained to him about the details of the administrative structure in Manchukuo, and also about plans for the future. The Premier told me that he had told others that the reason for his visit to the Imperial Palace was only to discuss the special session of the Diet, but actually, it was the Kwantung problem. He told the Emperor that the Kwantung Province policy problem was a problem for the residents there, but that he was trying to settle it for the sake of their future. The Premier also told me that the proposed national policy deliberation council was an advisory organ to assure the foundation of the financial condition of the country, and that he had hopes of getting TAKAHASHI, YAMAMOTO and influential members of both Houses to join this council. It is his intention to have the council deal with a permanent plan for finances

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and farming communities. However, there are some people who say that this council will be used to control the Cabinet and the political parties, and others who say that it will not. At any rate nothing definite can be said until the attitude of the Seiyukai is known.

The greater part of Japan's problems with Russia will be settled, and something should come of our negotiations with Holland. Since both Britain and Japan want to work together, I hope that the two countries will cooperate and work hand in hand. Going back to the Kwantung Province problem, the police and the inhabitants there have been doing a large amount of smuggling, and there are many who have made a big business of smuggling. They believe that smuggling is their special right, and because they are afraid that this will be taken away from them, they are putting up an argument. In back of all this are Mannosuka YAMAOKA and Mitsuo MIYATA. They are encouraging the people to cause unrest within the Cabinet, and are trying to overthrow the Cabinet. Ignorant of these facts, even men like IZAWA are inciting trouble within the Overseas Affairs Ministry, and are telling the newspapers that OKADA is no good any more. I thought that this was an exhibition of very bad sentiments and was going to question IZAWA about it when KONOYE came back from Karuizawa and told me to wait a little while longer. KONOYE was so persistent in telling me that I should not do anything that would cause me to be disliked that I put off going to see IZAWA for the time being.

Kwantung Smugglers

On the 11th, Ambassador SAITO went back to America and about 10 days before that Councillor TANI went back to Hsinking. However, before they went back, I met and talked with them daily. As a result SAITO went back with a good understanding of Manchukuo and TANI made arrangements with SAITO for his actions subsequent to his return to America. TANI went back to a place where trouble with the people of Kwantung was brewing, but he went back regardless of the possibility of personal injuries. It was necessary for TANI to return to Manchukuo because he had to be there to welcome the English Industrial Mission which was going there on its tour.

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Chapter 152
(19 October 1934)

British Ask Cooperation

Translated by T/Sgt. Shigeo Fukuyama

Long before TANI returned, the police in Kwantung Province were causing a lot of trouble because the administrative system in Manchukuo had been agreed upon. The Commander-in-Chief, HISHIKARI, as Chief of the Police Affairs Department, was not able to stop this. The Premier was rather optimistic and thought that this affair would settle down by itself. However, even the department and section chiefs of the Overseas Affairs Ministry were sympathetic toward the Kwantung Police and did everything to cooperate with them. Police guards were placed in the home of TANI because there were reports that there was a plot that five or six policemen in Manchuria were going to assassinate the Premier and TANI in the fashion of the Blood Brotherhood. TANI went back to Hsinking and when he reached there, he was met at the station by 70 or 80 policemen from the Kwantung Government, and they asked him whether or not the Military Police and the Police Affairs Department were to be combined. TANI explained to them that even though the two were combined they would not be placed completely under the command of the Military Police. And that even if there were a reform in the administrative system in Manchukuo, their jobs absolutely would not be taken away from them. The police seemed satisfied with his explanation and later reports from TANI said that the situation there was not as bad

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as it seemed. However, it is a fact that the reports from Kwantung Province to the Overseas Affairs Ministry seem to indicate that the situation has become quite acute.

The Premier was very much concerned over this situation, and sought various means of compromising with the police. The Cabinet convened on the 16th, and agreed upon an amendment to the election law, which was to be sent to the Privy Council. As for the Kwantung Province problem, the Premier and the Cabinet members, who had maintained a quiet attitude up to now, decided that the time for contemplation was over and that something should be done to settle this problem once and for all. They presented various views on the subject. The plan which the Premier presented to the War Minister was to place a peace supervisor (Hoan Soka) at the head, and to subordinate the Chiefs of the Military Police and of the Police Affairs Department to him. This position would be held by an officer who was not a Military Police officer. The War Minister stated that this could not be decided upon until it was presented to the committee of the heads of the War Ministry. It was decided that this Kwantung problem would be discussed again on the afternoon of the 17th. On the 16th the War Minister went to the Imperial Palace.

I went to Okitsu on the 16th, and gave the details to SAIONJI. He thought that it would be better if he stayed out of the picture. I agreed with him. SAIONJI believed that to have only one man to assist the Premier,

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namely the Chief Cabinet Secretary, was insufficient, and that would it be possible to provide another man, maybe a secretary general, to help the Premier but to stay in the background. He wondered if there wasn't a man like the great author Moriele, who was more or less the right-hand-man during the reign of Louis the XIV of France, this fact being known only after Moriele's death.

I returned to Tokyo on the night of the 17th and found that the Cabinet had met from 3:00 in the afternoon until 6:00 that night. During the meeting, the Army had decided to reject the Premier's suggestion as to the peace supervisor, and to hold to its original plan. The Cabinet had decided beforehand that if the Army should oppose this amendment it would carry out the original plan, so the suggestion by the War Minister was put into effect intact. The Premier conferred with the Minister of Home Affairs, to prepare for a smooth administration and alertness against future mishaps. He also consulted the Army and other organs. I telephoned SAIONJI and told him what had been decided upon.

The newspapers have been saying for the past two or three weeks that a political change would take place because of this problem. Recently, political changes were anticipated, especially within Seiyukai circles. As confusion mounted, the Chief Cabinet Secretary was stricken with an acute attack of pneumonia on the night of the 15th, and was hospitalized. The Premier was greatly worried and decided that if the

British Ask Cooperation

Chief Cabinet Secretary stayed in the hospital for a long time he would put FUJINUMA in his place.

Later I went to Okitsu, and on the night of the 16th I telephoned the Premier and he suggested that since the conditions in the Overseas Affairs Ministry were so confused, it needed a full-time Minister; he asked whether to give this post to FUJINUMA. He also said that the Home Affairs Minister suggested Shigeru YOSHIDA of the Kyochokai for the position of Chief Cabinet Secretary.

I returned to Tokyo and found that the Premier had said something to the effect that: "I would like to appoint a Minister of Overseas Affairs as soon as possible, but if I did that it would appear as if I were shirking my responsibilities. So for the time being I will take over that duty. FUJINUMA will become the Chief Cabinet Secretary; I don't know whether he will be acceptable or not, but how about making YOSHIDA the peace supervisor?" Later, when ill-feeling was brewing between the Overseas Affairs Ministry and the War Ministry, the fact that the reporters assigned to both Ministries were fighting each other more or less aggravated this feeling. The Premier had said that the Cabinet was greatly worried over this.

I met Foreign Minister HIROTA on the 16th and he told me: "The negotiations with Russia are going favorably and the Chinese Eastern Railway problem is cleared up except for two or three incidentals. Great Britain has been making approaches, but our relationship with America must be taken into consideration, so we

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are thinking the matter over carefully. Britain has expressed two desires: 1. That Japan and Britain work together in China, and 2. that, although to come right out and have an Anglo-Japanese Alliance is not opportune, we work together in similar fashion. The Army and Navy have expressed their approval regarding this, but they are still taking into consideration our relations with America and are thinking this matter over carefully. They realize that working hand in hand with Britain will be of extreme benefit to Japan." I told all this to SAIONJI the following morning.

Later several newspaper reporters came to me and told me that they had heard that: "IZAWA is strongly supporting the Overseas Affairs Ministry's plan regarding the administrative system in Manchukuo, and that Department Head IKOMA was backing the Parliamentary Vice-Minister." Thinking of the future, I went to see IZAWA and told him, before he gave his support to the plan, to hear the details of it, and moreover to find out a little more clearly what the Army and the Foreign Ministry thought about it, lest he fail to grasp the true significance of the whole situation. I promised to send over the Head of the Third Section, YANAI, a good friend of mine, to explain the details of this plan to him and to listen to him, because YANAI is a secretary in the Foreign Ministry who has negotiated with the Army ever since the Wanporshan Incident. IZAWA was glad to hear this and said that he would listen.

Later, I went to see the Head of the Privy Council, ICHIKI, and told him about the Chief Cabinet Secretary

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being hospitalized and also about existing conditions in general. I went to see the Premier on the morning of the 18th and found that Parliamentary Vice-Minister TANAKA and a Councillor in the Overseas Affairs Ministry had come to the Premier and expressed a desire to resign. In the meantime the Army had put its whole effort into the pacification of Kwantung Province. The Premier, the Minister of Home Affairs, and their groups, were striving toward an appeasement with the Overseas Affairs Ministry. There were reports that the Army had declared martial law in Kwantung Province, and that all communications facilities had been taken over by the Army. However, I had not heard how much of this report was true.

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Chapter 153
(26 October 1934)

Visit of British Mission

Translated by T/Sgt. Shigeo Fukuyama

I met the Premier on the morning of the 19th, and he told me that very probably not even one of the police in Kwantung Province would resign, and that the War Minister had told him the day before that there was absolutely no truth in the story that martial law had been declared in Kwantung Province, or that a brigade had gone into Dairen, and that it probably was just propaganda spread by the stock exchanges. He had met a representative of the Kwantung police that morning who had apologized, and their attitude had completely changed. The Premier also told me that it appears that the Overseas Affairs Ministry is settling down, and that Shigeru YOSHIDA will be the Chief Cabinet Secretary. He intends that Count KODAMA shall become the Minister of Overseas Affairs, but he will talk this over with the War Minister first.

When I met the Premier on the 22nd, YOSHIDA had finally been decided upon as the Chief Cabinet Secretary. I asked both the Premier and the Minister of Home Affairs: "Although the transfer of the district chiefs in the Home Affairs Ministry has been delayed, due to the damage caused by the hurricane, wouldn't it be better if this could be done as soon as possible." I met the new Chief Cabinet Secretary and he asked me if I had anything to tell him. I told him that there was a need to get all the information from various sources that he could regarding the details of the problem of the administrative

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system in Manchukuo. And that although the plan of the Overseas Ministry would be readily understood by the Cabinet, he should find out how the Army and the Foreign Ministry had established this administrative system. I also told him all the details regarding the transfer of the district chiefs in the Home Affairs Ministry.

MATSUNO came over that morning and was very depressed over the continued indifference of the Genro and the senior statesmen to the political parties. I told him that the political parties themselves must be changed and that they had to be improved.

I met the Foreign Minister in the afternoon and asked him about the details of the Chinese Eastern Railway problem. He told me that in general it would be cleared up in the near future, but that the Tokyo Nichi Nichi had published an article exposing the contents of this problem, and that according to inside information, a group that hoped for the failure of negotiations between the Army and the Chinese Eastern Railway had forced the newspaper to publish this article.

I met the Premier on the 23rd and he told me that at the meeting of the Cabinet, the War Minister had explained in detail the conditions of the Kwantung Province problem. The War Minister said that although the police will turn in their resignations, they are secretly hoping that they will not be accepted. As for the rest of the meeting, the Cabinet members, excluding the Ministers of War, Navy, Foreign Affairs and Justice, discussed the problem of repairing the damages caused by the hurricane.

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They hoped that there would not be too much difference between the budgets submitted by the Finance Ministry and those of the other Ministries. It appears that KODAMA will become the Minister of Overseas Affairs. The Minister of Commerce and Industry, MACHIDA, had asked President WAKATSUKI about the replacements of the Parliamentary Vice-Minister of the Overseas Affairs Ministry, and it was decided that the Minseito would put up two men.

I met SAIONJI on the morning of the 24th and reported the general situation to him. Ambassador SATO's visit to Okitsu was brought up again, and SAIONJI told me that although their views in general were the same, there were a few basic differences and that he had expressed his views to SATO. I met SHIGEMITSU at the Foreign Affairs Ministry on the 25th, and he told me that the tour made by the English Industrial Mission was a complete success. First they had gone to Keijo and were surprised at the great progress made there. They were surprised at Japan's activities there, and the same held true in Manchukuo. They returned to Osaka and looked at the various factories there, even making an inspection of the dormitories of the working girls. They looked at the educational conditions in the elementary schools there and were deeply impressed at the overall feeling of respect displayed toward the Imperial Household. Moreover, they were deeply impressed by the mainspring of Japan's development and activities that was displayed there. They talked about setting up an Anglo-Japanese liaison committee. On the

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22nd they had an audience with the Emperor, and the Emperor told them that he would like to get their cooperation in bringing about a better economic relationship between Japan and Britain. The Mission expressed complete satisfaction, and said that as for the more practical problems, such as the steel industry and especially rails, they would consult with their Government. The Vice-Minister was very happy that the Mission would take back such a favorable report.

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Chapter 154
(5 November 1934)

To Tax or Not to Tax

Translated by T/Sgt. Shigeo Fukuyama

I met the Premier on the 26th and he told me that it had finally been decided that the Chief of the Metropolitan Police Board would be replaced, and that OGURI, the Governor of Fukuoka Prefecture, would become the new Chief. The Premier and three ministers TOKONAMI, MACHIDA, and GOTO, had remained after the closing of the Cabinet meeting, and had discussed a finance deliberation committee, but that nothing had been decided. The Premier was greatly worried over the health of the Finance Minister, which had failed to improve. He said that if worse comes to worse, he would have to talk to TAKAHASHI about a successor. This probably would not have any effect on the special session of the Diet; nevertheless, he was worried over the health of the Finance Minister. The main object of the finance deliberation committee was the rebuilding of the basic policy in finance; however, in view of FUJII's past record, there was an atmosphere of uneasiness in financial circles. A feeling of distrust would exist. Of course, this would come from the so-called anti-Government circles, but mainly it would come from the fact that FUJII did not carry enough weight in financial circles. There was a coalition movement between the Seiyukai and the Minseito because they wanted to prevent OKAMOTO (first name unknown) and his group from bringing up their scandal exposure tactics again in the Diet; these threatened to create

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distrust in the existing political parties, which was due also to the complicated relationships within the parties.

Later I went to see the Chief of the Metropolitan Police Board at the station because it appeared that he would finally be replaced and I thanked him for all that he had done. He took his removal in good spirit, and told me that the matter of the chief secretary was going along smoothly and that he was very well satisfied.

I went to Okitsu on the 30th and reported the general situation to SAIONJI. I told him that President SUZUKI had telephoned General ARAKI asking to see him, but that General ARAKI had assumed a very cautious attitude and had absolutely refused to see him. As for the national policy deliberation committee, the Seiyukai had opposed it and had absolutely refused to contribute anyone. The Premier had said that without TAKAHASHI or YAMAMOTO, such a committee would not be of much use. The Premier and TAKAHASHI had had a very informal talk regarding the raising of taxes and the general financial policy and regarding the increase of taxes, TAKAHASHI had told the Premier that he was not too much in favor of it, but if it was necessary for the social policy of the Government, it would have to be done. TAKAHASHI had told the Premier that he was worried over the firm attitude taken by the Finance Minister. In regard to the new Minister of Overseas Affairs KODAMA, there were no objections from either the Army or the Kwantung Government. It seems as if everything has returned to normalcy. The Minister of the Navy had told me that

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the Emperor had told Fleet Admiral Prince FUSHIMI that he was very dissatisfied with the various speeches made by Admiral SUETSUGU, then Commander-in-Chief of the Combined Fleet, and that Prince FUSHIMI had cautioned SUETSUGU about his actions. The reason for SUETSUGU's recent transfer to Yokosuka was that he would be easier to control there.

When I got back I found that the Finance Minister had telephoned, expressing his desire to meet SAIONJI on the 2nd for some advice, and to ask whether I could arrange the meeting. I talked to SAIONJI and made arrangements for the Finance Minister to meet him on the 2nd. The Premier told me on the 30th that the Finance Minister had taken a very stubborn attitude, and that the Finance Minister had told him that no matter what happened he would not change his beliefs. The Premier asked me to see SAIONJI and ask that he advise the Finance Minister to take a political outlook on things. The Premier also told me that both he and former Finance Minister TAKAHASHI had talked to the Finance Minister but that he was still obdurate. I phoned KIDO, who had gone to visit SAIONJI on the morning of the 31st and asked him to tell the Prince what the Premier had told me.

I went to see the Finance Minister at his official residence on the afternoon of the 31st. He told me that of course he did not have any idea of going so far as to overthrow the Cabinet, but that the more he looked at it the more he felt that the whole basis of Japan's finance was in peril. For example, regarding armament, he said that naturally he would like to

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comply with military demands, but he was definitely against increasing the national debt, and furthermore, he believed that an increase in taxes at the present time was very inadvisable. However, at a time like this, when there should be an all-out effort to decrease the national debt rather than to increase it, if the budget of the military group is not greater than last year's, he would try to meet it, but if it is greater, then he could not even hope to do so. A considerable amount of money is needed to alleviate the pitiful condition of the farms and lands destroyed by the hurricane. Taking these two demands into consideration something must be done, and if the national debt is not to be increased then there is no alternative but to impose a special tax, something of the nature of a special profits tax. A general increase in taxes would raise something like 350 million yen, so the necessary preparations were made, but in view of the demands of the present budget, even that is not enough. Such a tax is not a pleasant thing, and prudence must be used in the actual levying of the tax. Nevertheless, he believed that even a small increase in the taxes would be extremely helpful, so he had decided to propose a special profits tax.

The Finance Minister also told me that in order to meet this very important situation he would like to talk the matter over with the Genro, the Lord Keeper of the Privy Seal, and others, and he again urged me to arrange the meeting with SAIONJI on the 2nd. I asked him whether he had told the Emperor of the general financial situation

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up to now. He told me that there were a great many things to worry about regarding the general financial situation, moreover that his plans were not definitely made as yet, and that if he told the Emperor now, they would only be a source of useless worry to him, so he had put it off for the time being. But he would tell him when things were definitely decided. I told him that that was wrong, that the greatest worry SAIONJI had was the fact that the people who acted in the capacity of assistants to the Emperor were too obstinate, and that they were failing to carry out their responsibilities. SAIONJI believed that they should report everything to the Emperor, regardless of how unimportant it might seem at the time, and that it was not sound policy to tell him suddenly that such and such a thing finally had been decided. There should be a very close relationship between the Emperor and the Minister, whereby he would have complete knowledge of everything that's going on, not from the standpoint of the Constitution but from the standpoint of the Emperor's responsibilities as the ruler of Japan. So I asked the Finance Minister if it were not better for him to report this situation to the Emperor. He told me that he would the matter over carefully. I asked him, when he saw SAIONJI on the 2nd, to tell him frankly what I had said, and also to tell him his own personal views.

The Minister of Commerce of Manchukuo wanted to meet the members of the House of Peers, so I invited him and 14 (members of the House of Peers) to breakfast on the 1st of November. The things he said were

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reasonable enough, and although we should have obtained the views of others before we showed our attitudes, in accordance with a so-called "bad characteristic" of the Japanese, we readily agreed and sympathized with him. As a result, Minister CHANG YEN-CHING went home very happy.

Later I went to see the new Chief of the Metropolitan Police Board and wished him well in his new post. I dropped in on the Minister of Home Affairs on my way back and talked about the President of the Minseito. He told me that it was a very complicated situation. Suddenly, the newspapers had started to publish stories to the effect that President WAKATSUKI would resign. I met the Minister of Commerce and Industry and asked him various questions regarding them. There were stories that the Minseito was trying to stop WAKATSUKI from resigning, and Minister MACHIDA told me that the Presidency of the Minseito was a very ticklish position and that he believed that it would take some time before this problem was settled.

I met the Premier on the 2nd and he told me that the Minister of Agriculture and Forestry was greatly worried over the relationship between the Finance Minister and the Home Affairs Minister regarding the budget, and that the Home Affairs Minister and the Minister of Agriculture and Forestry had come to him on the night of the 1st and told him that the Finance Minister was still very obstinate and had asked whether he couldn't do something about it. The Premier told me

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to ask SAIONJI to explain fully to the Finance Minister
how to mix practice and theory, and politics and theory.
I phoned SAIONJI and told him what the Premier had said.

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Chapter 155
(14 November 1934)

Fluctuating Stocks

Translated by T/Sgt. Shigeo Fukuyama

The Emperor asked the Board of Field Marshals and Fleet Admirals about the abrogation of the Washington Treaty, which was discussed in the Cabinet meeting on the 2nd. The reply of the Board was presented at the Cabinet meeting. The Premier said that he would seek an audience with the Emperor and tell him that he had considered the reply and was in complete agreement with the views of the Board. This matter was of top secret nature and the Premier had told the people that his visit to the Emperor was merely to report on the condition of the Government at that time.

Later the same day, I met the Foreign Minister and asked him about the Chinese Eastern Railway negotiation. He told me that Russia was going to take over the responsibilities of the third party. He had not taken up with the Cabinet matters pertaining to this problem such as the method of settling the lawsuit or the fact that the Chinese Eastern Railway Company had negotiated in the United States for several hundred baggage cars, and had not yet paid for them, because to do so would only tend to create added confusion in the Cabinet. In other words, negotiations were being carried on very slowly. Regarding the Disarmament Conference in London, the disarmament plan had been drafted, but the United States and Great Britain could not openly oppose the plan submitted by Japan. It appears that the United States and Great Britain are changing their

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course toward a political standpoint. Entirely apart from this problem, the Ministry is trying to bring about a rapprochement between Japan and Britain. It would not come right out and make an alliance, but it was going to form something like a Four-Power Pact. At the present time Ambassador MATSUDAIRA was making approaches to the British Government. Those invested with full powers had been given instructions to suppress gradually the question of disarmament, and to take a calm attitude to the end. It appeared that they were carrying out their instructions. These plans of rapprochement with England were of the utmost secrecy and were not even discussed in the Cabinet meetings.

I met the Premier on the 5th of November, and he told me that regarding the problem of increasing taxes, he, FUJII, MACHIDA, and TOKONAMI had gotten together on the night of the 4th and discussed it, but that it was still very complicated. In the meeting of the Cabinet on the 5th, the Finance Minister had merely explained the problem, and various questions were asked, thus putting it off until the next meeting. In the Finance Minister's meeting with SAIONJI, the Prince had told him that, although he says that he's too young and all that, Prince IWAKURA, during the Meiji Restoration, was much younger than he was. SAIONJI had told him further that one cannot go through life with beliefs alone, that in attaining one's object sometimes a side road must be taken. The Finance Minister had told SAIONJI that although he understood and appreciated what SAIONJI had said, nevertheless, he would not change his beliefs.

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I saw TAKAHASHI on the morning of the 8th, and he told me that the Finance Minister had dropped in on him and told him what SAIONJI had said, and that he had told the Finance Minister that he believed that what SAIONJI had said was true. I told TAKAHASHI that when the Finance Minister had visited SAIONJI, SAIONJI had told him that he wasn't too young and that Prince IWAKURA, during the Meiji Restoration, was barely 30 years old, and not only that but that hereafter the younger fellows like the Finance Minister would have to work hard and take over the reins of the Government. And that he was too much "belief" conscious, that one cannot go through life on beliefs alone, and that "side roads" must often be taken in achieving one's goal. Then TAKAHASHI told me that although they say that the purpose of the special session of the Diet is to attain a certain amount of stability, he believed that it would tend to cause unrest and that they never should have had the special session. His views on the subject were very similar to those of SAIONJI. He continued that a couple of days ago several politicians came over, and that he had told them that it was a great mistake for the leaders of the political parties to call for a special session of the Diet so urgently. That if they had wanted to speed up the repairing of the damage caused by the hurricane and the cold weather, they should have encouraged the Government to take over and to set the methods of repairing the damage. If they had shown a magnanimous attitude toward the Government, and told them to go right ahead and to obtain the approval of the

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political parties after the fact, it would have been a great opportunity for them to restore a feeling of trust in the political parties. However, the politicians right now are only interested in persecuting the Government, and as it is, there is absolutely no hope of the political parties regaining the confidence of the Government. TAKAHASHI also told me that in looking over past records, he found that the old Agriculture and Commerce Ministry held a lot of power. That it had the voice in deciding which goods should be subject to tariff in regard to the tariff problem, and that the Finance Ministry merely stood by and complied with its decisions. In looking over these past records, he told me that he found a lot of interesting facts.

I left TAKAHASHI and was having supper with Sumitomo's OGURA at the Tokyo Branch of the New Grand Restaurant when I received a telephone call telling that because of the fact that the Finance Minister was maintaining a very uncertain attitude, stocks were fluctuating, and a condition of utter confusion prevailed. That at this rate the stock market might close tomorrow, and that reports have been coming in from everywhere, more or less confirming this unsettled condition. I telephoned the Bank of Japan to get its story and was told that a representative of the stock market was coming over to explain this situation to them. I telephoned the Chief Cabinet Secretary to let him know and it seems that no matter how often he asked the Finance Ministry, nothing was known as yet. The Chief Cabinet Secretary told me that he wasn't aware of the

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financial crisis because the Premier had gone to the
Imperial Chrysanthemum Party.

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Chapter 156
(21 November 1934)

Obdurate Fujii

Translated by T/Sgt. Shigeo Fukuyama

I immediately phoned TAKAHASHI again and told him that I was coming over. I went over and told him the story of the condition of the stocks. TAKAHASHI told me that these stories were circulating because everyone was gambling, but that if the Government just remained calm and collected nothing would come of it. Because there are many artificial values being placed on the current prices of the stocks, it would be better if they were left alone to settle down by themselves. I told him that the representative of the stock market had gone to the President of the Bank of Japan and also to the Finance Minister to inquire about this situation but that the President had made a very insincere reply regarding the Government to him. He told him that if the Government did not take a firm attitude, the Bank of Japan could not take any action regarding this situation. TAKAHASHI told me that the Seiyukai are trying to get their hands into this, and that the newspaper reporters of the Finance Ministry and the stock brokers are probably having secret negotiations with each other. Those who are indulging in these negotiations have dishonest motives. Outside of these facts, there was no reliable basis to the story that the stocks were in a state of confusion. There was absolutely no need to worry about this situation, and for me to tell the Government to remain calm.

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I went to the Premier's office and told the Chief Cabinet Secretary what TAKAHASHI had told me. And at the same time I saw the Premier, who had returned from the Imperial Chrysanthemum Party, and told him the same story. The Premier was quite calm and told me that the situation was generally settled, that there was no need to get excited and that everything was all right. The Premier also told me that the Finance Minister had come to him the day before and told him that he was worried over the hundred odd million yen demand to be made by the War and Navy Ministries, and had asked him to suppress this demand. The Premier had told the Finance Minister that he would, but he told me that the present time was not the proper time for him to step in, and that he thought that the Finance Minister was acting just like a department chief and was coming to him with all the important problems. And although this was both ridiculous and bothersome to him, he would eventually have to decide all the important problems for the Finance Minister.

The Cabinet met on the 9th, and the Premier told the meeting about the confused condition of the stocks the day before, and that at present it appears that the stocks are returning to normal. The Premier also told the meeting that in the setting up of the budget, the cooperation of each and every one of the members was necessary, and that he hoped that they would do their utmost. Later the War Minister went over to the Premier and told him that he could not suppress the demands of the Army because the General Staff was too

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strong, and that since he thought that it was dangerous for him to meet the Finance Minister face to face at the present time, he would put it off and go on the Grand Maneuvers. He asked the Premier to get TAKAHASHI's viewpoint on the subject. It appears that the War Minister wanted to use TAKAHASHI's ideas as a reference in forming his own decision. The Premier told the War Minister that it would be better if he went himself to TAKAHASHI and talked things over. But the War Minister told him that he had to go on the Grand Maneuvers, and that he would send Vice-Minister HASHIMOTO over to talk to TAKAHASHI. The Premier thought that TAKAHASHI did not have a responsible position and could not say much even if he were asked by the War Minister; nevertheless, he told the War Minister to see TAKAHASHI. The Premier told me to tell TAKAHASHI the above story.

I went over immediately and told TAKAHASHI that the War Minister wanted to get his views concerning the budget. In the beginning, the War Minister had asked the Premier to get his views for him, but the Premier had told him to go himself. The War Minister had told the Premier that he had to go on the Grand Maneuvers and that he would send over the Vice-Minister. So in all probability, the Vice-Minister would come over in place of the War Minister. TAKAHASHI told me that even if the Vice-Minister came, he couldn't very well say anything to him. I told TAKAHASHI that if he told the Vice-Minister he had nothing to say and repulsed him, the Army would use this as an excuse and spread bad propaganda to the effect that although

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the Vice-Minister went to TAKAHASHI to obtain his views, TAKAHASHI repulsed him and told him that he had nothing to say, and that TAKAHASHI had deserted the Government. Therefore, even if he did not have any responsibility, he should present his views to the Vice-Minister. TAKAHASHI agreed and told me that he would present his views to the Vice-Minister.

The following morning, Railway Minister UCHIDA came over and told me that KAYA (Chief of the Accounting Department of the Finance Ministry) had come to him on the 8th as a representative of the Finance Minister, and had told him that, after close examination, there could only be an increase of 100 million yen over the budget that had been set up, and that of this amount 70 million yen would be used for the repairing of the damages caused by the hurricane, and 10 million yen each would be allotted to the Army and Navy. He asked him to convey this fact to the members of the Cabinet. UCHIDA continued in his inimitable, humorous way, saying that at first the Navy had said that they could get along on 40 million yen and the Army on 30 million yen, and they were rather moderate, when along comes KAYA and tells them that they would have to get along on only 10 million yen apiece. They were very much aroused at this, and started to make demands for 70 to 80 million yen apiece. UCHIDA concluded that he was greatly worried over this and said that something had to be done about it.

The Grand Maneuvers finally started on the 10th, and as a result the Cabinet members absented themselves and went to observe them. The Grand Maneuvers will be over on the 14th, so I guess that they will return then and

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the discussions regarding the budget will start again.

On the morning of the 11th, I went to see former Premier WAKATSUKI and asked about the circumstances before and after his resignation as President of the Minseito. WAKATSUKI, who had also been a former President of the Minseito, told me that men like Kojiro TOMITA and Keikichi TANOMOGI had negotiated with KUHARA and his group formerly, in support of the original coalition movement of the Seiyukai and the Minseito. He had told TOMITA and TANOMOGI that he was absolutely against this movement if they were going to use it as an instrument to attack the Cabinet, or try to overthrow the Cabinet, but if they were of a mind to take the "heart" of the Government to the Diet and cooperate with it, then he would be heartily in favor of it. He told me that they were now working with the latter thought in mind. He told them however, that a thing like this cannot go along on theory alone, and that although the members of both parties met and dined together, one could not be sure how well they were converting themselves, and that they should be extremely cautious from the start. WAKATSUKI continued that there was no special reason behind his resigning the presidency, but that when former President HAMAGUCHI was assassinated while he was the Premier, he merely accepted the position temporarily, hoping when a good opportunity arose, to resign right away. However, conditions were very unsettled at that time and the Cabinet had fallen, so he figured that he would have to wait until conditions settled down before he could resign. Since the general atmosphere of things had changed and conditions today were gradually settling down, he decided to resign. WAKATSUKI concluded

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that he would like to visit SAIONJI sometime and told me to give him his best regards.

The Premier returned from the Grand Maneuvers on the 14th, and I visited him on the morning of the 15th. He told me that something would be done about the budget and told me not to worry. I told him that he had better meet the members of the Kenkyukai and establish good relations with the House of Peers. He said that he had a talk with Viscount AOKI and had told him that he would meet them later.

I was taken sick on the 16th and stayed in bed for the next 4 or 5 days; however, on the 18th the Chief Cabinet Secretary came over and told me that he had had a talk with the more important members of the House of Peers, and that they had told him that if he had anything to say that might be of use, to tell them, and that they had shown a very friendly attitude toward him.

I told the Chief Cabinet Secretary that I met the Navy Minister on the 15th, and he had told me that Count OGASAWARA had come to him and told him that at least a hundred members of the Seiyukai had joined the do-or-die party, and that they were going to oppose the Government at the next meeting of the Diet, and that he believed that it was going to happen around the 28th or 29th. The Count had predicted to the Navy Minister that a state of political confusion was nearing and it seemed as if he came to enlist the Navy Minister in this. The Navy Minister told me that if the Finance Minister remained as obstinate as he was, even the political negotiations of the Premier would not succeed. The Navy Minister was so earnest in his statements that I told the Chief

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Cabinet Secretary about it. Later when I was confined to my bed, many people came over and told me that the Seiyukai was carrying out the impeachment of only the Finance Minister.

Parliamentary Vice-Minister of Finance YABUKI also came over and told me that even if FUJII should fail now, he would not want him to stoop to underhanded methods. He does not want to make him change his beliefs, but he would not join hands with him in a do-or-die effort to overthrow the Cabinet in the manner of Heikichi OKAWA, and he was thinking the matter over carefully. YABUKI was very worried for the sake not only of the Finance Minister alone, but for the sake of all concerned, so I told him to talk it over with the Premier and to ask his advice on what to do.

I phoned the Chief of the Secretariat Section of the Finance Ministry, ISHIWATA, and he told me that he would drop over to see me. He told me that the Finance Minister was still very obstinate in his determination, but that there were hopes of the budget being agreed upon.

Railway Minister UCHIDA came over on the evening of the 18th and told me that he had been acting as a go-between for the War and Navy Ministers and the Finance Minister, but that from now on he would act more or less in the background. Furthermore, he had asked Minister of Commerce and Industry MACHIDA to act in the open for him and MACHIDA had consented readily, so from now on he would not do anything in the open to attract attention. I told him that it would be better if he did not move around so much. It would be bad if he were scorned by the Army and Navy for sticking his nose into their affairs,

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and as a result not being able to tend to his own affairs. He told me that he was of the same opinion and not to worry about it. UCHIDA also told me that he thought that the Seiyukai would impeach FUJII after the emergency budget had been passed. UCHIDA continued that the Government must be determined to face this situation even if it had to dissolve the Diet. The Premier and the rest of the Cabinet members were of the same opinion. In making preparations for this dissolution, the present Minister of Home Affairs, GOTO, was too inexperienced, and the Chief of the Police Bureau (Keihokyokucho) also, would not be able to meet this situation. In any case, experienced men from both the Seiyukai and the Minseito should be brought in as advisors. I asked UCHIDA: "How about the President of the House of Representatives, AKITA?" UCHIDA told me that the Premier had not said anything definite about AKITA to him as yet, but that when the representative of the Red Cross had come up to the Premier's official residence a couple of nights ago, AKITA was there and the Premier and he had a long secret talk. Later, the Premier had told him that AKITA would do all in his power to help the Government, and that they regarded AKITA as one of them. I thought to myself that this story about AKITA was sort of unreliable, but I said nothing. UCHIDA told me that under existing conditions the political situation would never be settled, and that the Diet should be dissolved and that with this dissolution, they would succeed. I thought that this was still a doubtful point and just the thought of not being able to succeed gave me a feeling of extreme uneasiness.

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KURIYAMA came over on the 19th and told me that the Navy had already sent instructions to the London Conference 4 or 5 days ago demanding parity, and that he was worried because the Navy was so strong.

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Chapter 157
(28 November 1934)

The Budget Settled

Translated by T/Sgt. Shigeo Fukuyama

On the 20th the Finance Ministry had a meeting which lasted late into the night. At this meeting, the general estimates in the budget were settled, and those which could be settled by administrative negotiations with each of the other ministries were in general, taken care of. The portions that remained were the budget of the Army and Navy, and a part of the Home Affairs Ministry's restoration budget. These were the only ones that would be brought up in the Cabinet meeting. The Army and Navy were sure to come out strongly in their demands, regardless of what anyone might say; however, the basic policy of the Finance Minister was to try to limit the increase in the national debt to 100 million yen. The majority of the Finance Ministry had frequently explained to the Finance Minister that he must establish an overall budget. In regard to the national debt, they would maintain a policy of gradual reduction, that he need not set the increase in the national debt at 100 million yen, but that it would be better still if it could be reduced to 50, 70 or 80 million yen. The Army is demanding 40 million yen, as the cost of the Manchurian Incident, in its budget. However, it had promised that it would make a drastic cut below last year's cost, especially in regard to personnel expense. In fact, it had promised that it would not ask very much money at all, and the fact that it is demanding 40 million yen now is very unreasonable. It appears that the Finance

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Minister intends to question them on this point.

I received a telephone call from IWASHITA on the 21st about 2:00 in the morning, telling me that the meeting had just finished and that they still intended to continue the Cabinet meeting at 10:00 the following day. He told me that although there were many differences of opinion, he thought that something would come of it. It appeared that there was a certain amount of uneasiness, but that, according to reports from various sources, the Army and Navy had told the Finance Minister that their original budgets of 13 million yen were not enough, and that they were asking for an additional 10 million yen apiece. If it was as trivial as that, one could secretly believe that the Finance Minister would make a compromise with them. At any rate the Premier had said that this problem will surely be settled and was very optimistic. So it appears that the Premier and the Finance Minister are beginning to see eye to eye with each other, and during the few days when I was confined to my bed, YABUKI and his group came over and told me to explain to the Premier how the Finance Minister felt toward him. Parliamentary Vice-Minister YABUKI and IWASHITA had also explained to the Finance Minister the Premier's feelings toward him. The former antagonism between the Finance Minister and the Premier seems to have disappeared.

I met the Premier on the morning of the 22nd and he told me that there were still some differences between them. Although he thought that this was troublesome, it would eventually be settled and there was nothing to worry about. On my way home I met the Chief

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Cabinet Secretary and he told me that the Premier is acting cleverly. The Premier had met the War, Navy and Finance Ministers and told the Finance Minister that he should boldly propose 50 million yen, and that the Army and Navy should be satisfied with 25 million yen apiece. The Navy Minister had become angry at this. He looked as though he were thinking: "How can I go back to the Navy Ministry with a story like that?" However, the War Minister said that he could be satisfied with about 30 million yen, but that the General Staff was too strong for him. The War Minister stayed back and had a close conversation with the Premier. The War Minister was doing his best to get things settled. Chief Cabinet Secretary YOSHIDA had a very relieved feeling concerning the War Minister.

On the afternoon of the 21st, I went to see TAKEGOSHI, Yosaburo at the "Kojunsha" and he told me that he had also wanted to see me because he had not seen me for a long time. He said that OKAZAKI, Kunisuke had been saying that the Seiyukai and the Minseito should combine and crush this new staff group in the Cabinet. OKAZAKI said that they should receive counsel from SAIONJI and his circle for the purpose of raising their spirit, and, because it might be too early for UGAKI, to put MINAMI at the head of the combined Seiyukai and Minseito. TAKEGOSHI had told OKAZAKI that the Genro, who put the Cabinet up for Imperial sanction, could not issue an order to crush this same Cabinet, and that he would not be able to carry through a thing like that. I told TAKEGOSHI that the reason for OKAZAKI saying such things about the present Cabinet is

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that he has a very strong personal feeling against Minister of Home Affairs, GOTO. TAKEGOSHI told me that it must be something bigger than that. I told him that OKAZAKI had come over five or six days ago and told me that the people were more or less facing a crisis, and that it was a sorry state of affairs, and that he had a very unfriendly feeling toward the OKADA Cabinet. He had gone so far as to ask me if I was not responsible. I had told him that, as for my work, I was responsible to SAIONJI, and that I was doing the same kind of work each time the Cabinet had changed. I told TAKEGOSHI that OKAZAKI and I talked for a little while longer but nothing more of importance was said, but that nevertheless, I thought something was wrong.

The Cabinet meeting concerning the budget finally opened on the afternoon of the 22nd and lasted until 3:30 the following morning. I was at a meeting at Marquis KIDO's place on the night of the 22nd from about 6:00 to 11:00 o'clock. About 10:00 that night, there was a telephone call from Minister of Home Affairs GOTO saying that today's Cabinet meeting on the budget was an extremely delicate affair, and that there were many differences of opinion which had left a bad atmosphere. Because there was quite a bit of doubt as to whether or not the budget would be established, he wanted to let me know the general trend of things.

I finally got home about 11:00 that night; several newspaper reporters came over and we talked about various things. There was a telephone call from the Premier, and he told me that the meeting finally had

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adjourned about 3:30 A.M. He knew that I was going to Okitsu early the following morning, so he told me to come over right away. It was past 3:30 A.M. when I got there. The Premier was very happy and he told me that it had finally been set up but that it had been extremely difficult. He had expected it to be that difficult and it was unavoidable. He continued that 27 million yen each were allotted to the Army and Navy, and with that amount added to the 13 million allotted before, a total of 40 million yen each went to the Army and Navy. The 5,600,000 yen allotted to the Agriculture and Forestry and the Home Affairs Ministries would be taken care of by a special account. Although the others had not been settled as yet, the meeting was adjourned and they would meet again on the 24th. It was rather difficult, but fortunately, the main portion had been settled and he was relieved. The Premier continued that during the meeting he told the Finance Minister to propose 59,600,000 yen, and that the members of the Finance Ministry became very firm, and the Head of the Accounting Department and the Vice-Minister had insisted that the Finance Minister hold out. From 1:30 in the morning to 3:30, the members of the Finance Ministry talked in twos and threes and in larger groups. Finally about 3:30 (the text says 1:30), the Finance Minister came up to him and told him that he had trampled on his beliefs; his beliefs were strong ones and they were his whole body and soul, but all he cared about was that the meeting go smoothly. The Premier said that he told the Finance Minister not to make such rude remarks and that his loyalty to the people was far

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greater than the Finance Minister's. The Finance Minister had apologized. The Premier seemed to have a feeling of relief that a great many things had been settled.

I returned home about 4:30; the Chief of the Secretariat Section of the Finance Ministry came over and told me that the Finance Minister was not feeling well. However, the fact that he did his utmost in setting up the budget was a credit to him and it was also a good thing for the Government. The reason why the members of the Finance Ministry resisted was because of what the Premier had said. He seemed very angry, so I told him that it was a thing already past, and that the Premier had no ill-feeling when he acted that way. I explained very carefully to ISHIWATA the collision of sentiments between the Premier and the Finance Minister.

I went to Shizuoka on the 9:00 A.M. Tsubame and told SAIONJI the general story regarding the budget, and that the final meeting would be held on the 24th. SAIONJI was very well satisfied that the budget had been drawn up. I rested on the 23rd and the 24th, but late at night on the 24th I received a telephone call from the Chief Cabinet Secretary telling me that full budgets had been allotted to the Home Affairs, Agriculture and Forestry and Commerce and Industry Ministries, and that all were very well satisfied, and for me to be relieved. I reported this fact to SAIONJI early the next morning and returned to Tokyo in the afternoon.

Early in the morning of the 26th ISHIWATA came over and told me that the condition of the Finance Minister had taken a turn for the worse. He had worked so very hard during the meeting, while receiving transfusions,

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that when finally the budget had been settled, he was relieved and all of a sudden his fatigue overtook him. ISHIWATA was very worried and told me that he had reported this to the Premier also, but that the Premier had told him to wait another day and see how the Finance Minister was. He had told the Premier that this was not a matter to put off for another day. I went to see the Premier and he was very worried about this. He told me that there was no alternative but to ask TAKAHASHI to take over the Finance Ministry. If he would not, to have him recommend someone, but if it was at all possible he would like TAKAHASHI to take over. He was thinking about going over and asking TAKAHASHI himself, but it would be better if SAITO went over and talked to him. The Premier asked me if I wouldn't go to see former Premier SAITO and tell him the general story and get his views. I went over and talked to Viscount SAITO. SAITO had heard about the situation from IRUMANO of the Finance Ministry and told me that in such a situation as this, TAKAHASHI was the only one, and that it would be perfect if TAKAHASHI would take over. However, instead of his going over to ask TAKAHASHI, it would be a lot better if Premier OKADA himself went over and asked TAKAHASHI.

On my way home I dropped in on the Premier and told him exactly what SAITO had said. Premier OKADA told me that they had even given the Finance Minister camphor injections the night before and that it seemed hopeless. There was no alternative but to talk frankly with TAKAHASHI and ask him to take over as quickly as possible. Vice-Minister TSUSHIMA would be

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coming back at 11:30 with a report from the hospital and then he would go and talk to TAKAHASHI and on his way back he would drop in on Finance Minister FUJII.

The Premier talked to TAKAHASHI on the night of the 26th, but TAKAHASHI told him that although his body was sound, he doubted that he would be able to stand such heavy responsibilities. He said that it was a regrettable thing concerning FUJII and that at any rate he would think it over.

Railway Minister UCHIDA came over on the morning of the 27th, and he told me that he also had talked to TAKAHASHI to try and persuade him, and that there was still hope that he would take over. We talked about the various things that happened during the Cabinet meeting and parted. The Premier went over to TAKAHASHI's place about 9:30 and talked to him for four or five minutes and came home. He telephoned me and told me that TAKAHASHI had agreed to take over. I immediately phoned SAIONJI in Okitsu and told him the good news; SAIONJI was very relieved to hear this and was very happy.

I went to see TAKAHASHI just before he went to the Imperial Palace and told him that SAIONJI was extremely relieved and happy to hear that he was going to take over and that he had expressed anxiety that TAKAHASHI take care of his health. TAKAHASHI was glad to hear this and told me that FUJII had come to see him on the morning of the 24th and told him that everything should be settled during the afternoon meeting of the Cabinet, and that he was thinking of resigning after that. He had told FUJII that he couldn't resign and tried to stop him, but FUJII had told him that he had

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been getting blood transfusions and that he was admitting this for the first time. TAKAHASHI continued that this was the first time that he had ever heard this and that he felt sorry for FUJII. TAKAHASHI told me that, incompetent as he was, if he could serve his country, he would and told me to give SAIONJI his best regards. I left TAKAHASHI and on my way back I dropped in on the Foreign Affairs Minister at the Foreign Affairs Ministry. I asked him about the negotiations on the Chinese Eastern Railway question. He told me that Russia was trying to prolong the negotiations but that they would eventually be successful. He was very glad to hear that TAKAHASHI had joined the Cabinet, but the Seiyukai seemed worried over it.

Saionji - Harada Memoirs

Chapter 158
(4 December 1934)

Renewed Army Unrest

Translated by Lt Taichi Nishihara

In the meeting of the Cabinet on the morning of the 27th, arrangements were made for proper measures regarding the Diet. TAKAHASHI stated the circumstances of his acceptance of the post of Finance Minister, and told the Premier that he would leave this matter up to him. The Premier went to report to the Emperor and at 3:00 p.m., installation ceremonies were held and TAKAHASHI became the new Finance Minister in the OKADA Cabinet. I met the Premier that day and he told me that when he had gone to report to the Emperor, the Emperor was very happy and told him that TAKAHASHI had done a fine thing. The Premier was also very happy.

I went to see Minister of Overseas Affairs KODAMA later, and he told me that although the main point of the Diet's attack up to now had been FUJII, he had heard that when the problem of the administrative structure in Manchuria was being discussed, the Premier had gone before the Emperor and presented his report. Although the Emperor had asked him if he believed that everything would be settled that way, the situation became more complicated, notwithstanding the fact that the Premier had told the Emperor that this problem would be settled. Because this was such a disgraceful story the main point of the Diet's attack from now on would be that of questioning the responsibility of the Premier. I told him that I doubted that an attack of that sort would be any good, that all the Premier had to do was to reject it and say that he

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was not in a position to discuss the talk between the Emperor and himself. Count KODAMA saw my point and agreed with me.

The Diet assembled on the 27th. On the 28th, the opening ceremony of the Diet was held.

I met the Chief of the Metropolitan Police Board on the 28th, and because there were reports that the young officers were causing trouble within the Army again, I asked the Chief how much he knew about this. He told me that he did not know the facts behind it, but that there were many students of the Military Academy, and many who had taken part in various incidents, who might be looked upon as habitual criminals in the Army. It was a struggle between the company and the field grade officers, and they were, so to speak, divided into the law-abiding group and the law-breaking group. The origin of these incidents came after the Grand Maneuvers when a group from the Infantry School and the Chiba regiment went to see the War Minister, and while he was out they grabbed an employee in the Military Affairs Bureau and talked in a boastful manner. A certain officer had secretly informed the War Ministry that a group of students in the Military Academy had very riotous plans. The War Ministry was surprised at this and ordered the Head of the Military Academy to make an investigation and found that this story was true. Although Divisional Headquarters had said that there wasn't much to worry about, he thought that the ones who were urging the company grade officers were men like KOBATA and SUZUKI, and that the ones behind the field grade officers were men like TATEKAWA, NAGATA and NEMOTO. The Chief continued: "there are reports that these people

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used threatening means to obtain the Army's budget, and that the so-called law-breaking group of company grade officers would lead various units in a large scale plan to assassinate such leaders as the Genro, the Lord Keeper of the Privy Seal, the Premier and TAKAHASHI." He did not know as yet how much of a possibility there was of this being carried out, or how much of it was true. Army authorities had requested him to stay out of it and told him that the Army would take care of it.

I thought that there were some doubtful points in the Chief's story, so I phoned Chief of the Military Affairs Bureau NAGATA and asked him about it. He told me that regarding the incident at the Military Academy, the Army intends to be very thorough about it. The Head of the Military Police had asked the Chief of the Metropolitan Police Board to stay out of it. However, the Chief of the Military Affairs Bureau had said that they would need outside help, and that they must seize Zei NISHIDA and Kazuteru KITA. NAGATA continued that they would ultimately bring everything out into the open and do a good job of dealing with this situation. Moreover, the Head of the Tokyo Military Police had a tendency to protect NISHIDA and KITA and even General MAZAKI had told the Chief of the Metropolitan Police Board that it was not a good thing for regular Army men to have political connections, and that if there ever was a situation where a coup d'etat was imminent he would lead any number of regiments and fight against it. MAZAKI appeared to be very much in earnest and as a result the Chief of Police trusted him. However, I thought that trusting MAZAKI was a dangerous thing.

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I went to see former Premier SAITO on the morning of the 29th, and we talked about such things as TAKAHASHI coming into the Cabinet, the Army and Navy, and the Cabinet. That evening the Minister of Home Affairs came over, and as we were talking the Railway Minister dropped in. We talked about the liaison with the House of Peers, the preparations for the dissolution of the present Diet, and for the purpose of carrying this out, the plans for a powerful neutral party. Later Baron IWAKURA dropped in and joined our discussion.

On the morning of the 30th I talked with various people, and later, I went to the Diet meeting. On the 1st, I sat in with the House of Peers, and during the meeting I met the Minister of Foreign Affairs. He told me that this morning the American Ambassador had lodged a protest and demanded a complete story regarding the oil question in Manchukuo. It seems that he had taken the same attitude as the British Ambassador, and that they were greatly worried lest Japan act in China as she had in Manchuria and abolish extraterritorial rights in China. The Foreign Minister continued that the French Ambassador had told him that his answer in regard to the abrogation of the Washington Treaty was that the course taken by the French Government had not changed in principle, and that the present course taken by Japan was identical. However, France could not join Japan in the abrogation of the Washington Treaty and Japan should concentrate on the "quality" of her attitude and leave the "quantity" until later. He had left the French Ambassador with the thought that the Italian Ambassador had also expressed

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the same ideas. The Foreign Minister concluded that, two days before, he had answered various questions of the Emperor for about an hour and a half, and that as for the attitude to be taken by Japan, he (Foreign Minister) thought that the 3 Ministers should have a meeting before the Emperor and decide this, and that he had discussed this with the Grand Chamberlain.

I met the Premier later and he told me that the Diet was satisfactory. In the afternoon I went to Okitsu and from about 8:30 a.m. of the 2nd I talked with SAIONJI about what had happened. I returned to Tokyo that day. On the night of the 30th, the intendant to Prince KAN-RO was extremely worried, so I had him meet the Chief of the Metropolitan Police Board, who told him about what he had secretly observed regarding the present operations of the Army. I returned home and found that the condition of the Government was very bad regarding the circumstances involving the general meeting of the House of Representatives on the 2nd and 3rd in regard to the budget. In short, the Cabinet was too inexperienced, the Premier was too inexperienced, and even the Chief Cabinet Secretary was too inexperienced. The Seiyukai had ruthlessly attacked them with questions that they could not answer and had even made TAKAHASHI its target. Even among the Seiyukai, those who were against the "extremists" had increased.

I received a phone call from Marquis MATSUDAIRA on the morning of the 3rd. He told me that the President of the House of Representatives, AKITA, wanted very much to meet me, that he had a lot of things he wanted to talk over with me, and that he had said that he would meet me

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at MATSUDAIRA's home. I had a talk about this with KONOYE,
and wondering what AKITA had to say to me, I met him at
9:00 p.m. at MATSUDAIRA's home.